



# Montana... We Mean Business

## QUARTERLY UPDATE

Summer is typically a time for folks to sit back, relax and catch their breath for the upcoming fall and winter months. We at the Secretary of State's office haven't had much time to catch our breath this summer.

The office has been abuzz with the filing of corporate and UCC documents, fiscal year end,

completing several training courses and preparing for the 1996 general election. We are still aggressively pursuing the OPPEN project for the UCC pilot as well as continuing to research ways to improve service to our customers.

The office has successfully completed a conversion to Windows and Windows-based applications including Word Perfect 6.1. Each employee has attended training for these applications illustrating our commitment to move the office toward the 21st Century. The conversions have been well received by the staff and have given us the opportunity to continue to better the services of the Secretary of State.

The 1996 general election is quickly approaching, and the Elections Bureau has been wrapping up details from the primary election, verifying signature counts for initiatives to be placed on the November ballot, and getting things prepared for the Voter Information Pamphlet (VIP) which will be mailed to every

registered voter in Montana.

The Business Services Bureau has been maintaining the everyday workload of corporate and UCC filings as well as preparing to conclude the 1996 annual report filing season with intent notices which will be mailed on September 1, 1996, and dissolution and revocation notices which will be mailed December 1, 1996, and November 1, 1996, respectively.

So, although summer is not our most hectic time of the year, we have plenty to keep us going. Please take a few minutes to read the articles in this update to keep you informed about what we at the Secretary of State's office are doing.

I hope each of you takes the time to enjoy the beautiful summer weather before it decides to leave us for the cooler fall days. Have a happy summer!

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## LLCs/LLPs to Get Tax Break



by Garth Jacobson  
Chief Legal Counsel

The Internal Revenue Service (IRS) has proposed significant changes for the tax treatment of non-corporate entities. According to the notice of proposed rule change, the IRS will grant partnership tax treatment for all domestic non-corporate entities if there are two or more owners of the business. Additionally, the IRS will designate sole proprietorship tax status to all non-corporate single owner entities. These entities have the option of electing to be treated as corporations for tax purposes. (This election can be made only once every five years.)

Montana businesses will now be permitted the opportunity to fully utilize all of the options provided in the Montana Limited Liability Company Act or Limited Liability Partnership Act. Under the existing IRS tax regulations, these non-corporate business entities must not have more than two of four corporate attributes. The proposed rules allow these entities to have any or all of the following features and still be treated as a partnership. Those features include:

1. Limited liability protection;
2. Centralized management;
3. Free transferability of ownership interest; and

4. Unlimited duration of life of the entities.

It will now also be possible to have one-member LLCs which can be treated as a sole proprietor and not a corporation.

The proposed new rules should remove all doubt about the tax treatment for these organizations. Likewise, it will no longer be necessary to have an extensive tax law background to make novel use of LLCs or LLPs. This makes Montana's progressive and flexible LLC and LLP acts very desirable for business organization as well as promotes Montana business development.

Notice of these rules was published in May and should go into effect this fall. The Secretary of State's office expects a significant increase in the use of LLCs and LLPs as a result of this rule change.

If you have questions about forming an LLP or LLC, please contact our customer service specialists at (406) 444-3665.

*Do you want to be removed from our mailing list? If so, please make a request to our office by calling (406) 444-2034 or writing to us at Montana Secretary of State, PO Box 202801, Helena, MT 59620-2801.*

### Employee Spotlight: Faira Sheppard



by LesLee  
Shell-Beckert  
Deputy Assistant

Faira Sheppard is currently employed with the Secretary of State, Elections Bureau as the Elections Specialist. Faira began her tenure with the office in 1988 as a UCC compliance specialist and moved to her current position in the Elections Bureau in 1989.

As Elections Specialist, Faira is responsible for advising counties on administering elections, enforcing ballot issue petition laws, creating training manuals, conducting biennial workshops for election administrators, responding to questions from citizens and legislators, performing service of process requests, and helping out with other tasks and in other areas of the office when needed.

Ms. Sheppard is a valuable asset to the Elections Bureau because of her ability to manage multiple tasks at once and her willingness to wear many different hats during a day.

"Each day is always a challenge, because you never can tell what might happen," is how Faira explains her attitude toward the office and her position.

 **Have You Filed**

## Your 1996 Report?

by Kim Smith  
Annual Report Compliance Specialist

Our office is nearing the time for the Involuntary Dissolution Intent Notices for Domestic Corporations and Revocation Intent Notices for Foreign Corporations to be mailed. Montana law requires every corporation to file an Annual Report by April 15 of each year. If the records of our office reflect that the 1996 Annual Report has not been filed as of August 31, your corporation will be on our mailing list for Intent Notices.

### What are these notices?

The notices are to let the corporations know that they are not in compliance with state statute and risk being involuntarily dissolved or revoked.

◆**Domestic** corporations have 90 days to respond to the notice by filing the 1996 annual report and paying the penalty fee. If our office is not in receipt of the annual report as of December 1, 1996, we will order the corporation dissolved, and it will no longer exist. If your corporation is dissolved and would like to continue transacting business, you will be required to file a reinstatement.

◆**Foreign** corporations have 60 days to respond to the notice by filing the 1996 annual report

and paying the penalty fee. If our office is not in receipt of the annual report as of November 1, 1996, the corporation's certificate will be revoked, and it will no longer be qualified to do business in Montana. If your corporation is revoked, it will be necessary to requalify in order to transact business in Montana.

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### Helpful Hint

Please take a few minutes to check that your records coincide with the records of our office concerning the name and address of your **registered agent**. Providing the current name and address of your registered agent is important both to your corporation and to our office, because the Secretary of State addresses all correspondence concerning annual reports (including intent notices) to the registered agent listed in our records.

If you are unsure whether or not our office has the current name and address of your company's registered agent, please contact the Secretary of State at (406) 444-3665. If you need a form to change your registered agent, please request one from our customer service specialists.

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## Guide to File Domestic LP

by LesLee Shell-Beckert  
Deputy Assistant

*The following information is helpful when filing a domestic limited partnership.*

Limited partnerships, like general partnerships, are an association of two or more people acting as co-owners of a business for profit. However, limited partnerships are more closely regulated than general partnerships, permitting investors to become limited partners without assuming unlimited liability.

Limited partnerships are required to file with the Secretary of State, and forms can be requested from our office for this purpose. Once you have received the form, note the following guidelines:

📎**Note** when completing the form that **ALL** information requested on the back of the form **MUST** be included. If any of this information is omitted, your filing will be rejected.

📎**Note** limited partnerships must be renewed every **FIVE YEARS**.

📎**Note** please specify the limited partners from the general partners.

If you have additional questions, please contact our customer service specialists at (406) 444-3665.

## Office Public/Private Enterprise Network (OPPEN) Update

by Gregg Wheeler  
Deputy for Information Services

The Information Services Bureau is converting the office computer system to a core set of Windows-based software packages. Office employees received computer training and are applying innovative ways to use these software packages to complete their work duties. New software features have eliminated unnecessary steps and improved the quality and timeliness of information.

The Windows operating system enables employees to use multiple office automation tools concurrently, which is particularly beneficial when answering customer phone inquiries. For instance, with only a couple of keystrokes or clicks of the mouse, customer service specialists can easily switch between looking up corporate or customer information, generating customer correspondence, and checking electronic mail (E-mail) messages. In the past, this scenario would have required exiting each application before starting the next.

Future phases of the OPPEN project will integrate the office's various applications even further. Eventually, the OPPEN system will appear to the user as a single

application. The retrieval and conversion of data for presentation as information to customers, the public and employees will be handled "behind the scenes" by the system, no matter how or where the data is stored.

The OPPEN project team is working on the development of a prototype, or model, of the Uniform Commercial Code (UCC) component of the OPPEN system. This pilot effort is identifying the office's UCC requirements and preparing for effective use of a new set of application development tools. The database design and work process recommendations being considered now will serve as the foundation for complete office information integration through the OPPEN system.



### *Questions of the Quarter*

*Can I get a list of all businesses on file with the Secretary of State's office?*

The Secretary of State's office is developing a program by which individuals or companies requesting information on all Montana corporations will be provided the information in an electronic format. At this time, we are testing this program with limited customers who are assisting us with the development.

The information will be provided to the customer quarterly in tape cartridge format. We hope to have this program implemented sometime after the first of the year.

*Why does the Secretary of State require a Social Security or a Federal Tax ID number for a dba as well as for an individual?*

Federal and state regulations require that a Social Security or Federal Tax ID number is listed for both an individual and a dba.

*Does the Secretary of State offer Public Access Seminars?*

At this point, the Secretary of State does not provide seminars on how to use the Public Access system. However, training manuals have been updated and if a user has questions, someone from the office is available to answer questions.

In the future, UCC records will be maintained on a new system. Once this system has been designed and is put in place, the Secretary of State will offer seminars on how to use the new system.

*Does the Montana Secretary of State accept EDI documents?*

The Montana Secretary of State is not currently able to handle EDI filings. As technology advances and more offices move toward becoming "paperless" these types of technologies must be considered. As we plan for the future, the Secretary of State will continue to look at the possibility of providing EDI filing options.

Do you need to get in touch with the Secretary of State?

**Important Numbers:**

Secretary of State General Line	406.444.2034
Business Services Customer Service Line	406.444.3665
Elections Bureau	406.444.4732
*Voter Hotline ( <b>for voting information only</b> )	1.888.884.VOTE (8683)
Administrative Rules Bureau	406.444.2055
Records Management Bureau	406.444.9000

**Fax Numbers:**

Business Services	406.444.3976
Elections	406.444.3976
Administrative Rules	406.444.5833
Records Management	406.444.9002

**Check out our new Web Site on the Internet at:  
[www.mt.gov/sos/soshp.htm](http://www.mt.gov/sos/soshp.htm)**

Registering to vote is easy. Just fill out the voter registration card, clip it out, put it in an envelope and mail it to the appropriate county clerk and recorder or elections administrator's office. For more information, call your county election office.